

House of Representatives, April 16, 1998. The Committee on Appropriations reported through REP. DYSON, 94th DIST., Chairman of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT EXPANDING BENEFITS UNDER THE TEACHERS' RETIREMENT SYSTEM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 10-183e
2 of the general statutes, as amended by section 1
3 of public act 97-301, is repealed and the
4 following is substituted in lieu thereof:

5 (b) Any member may purchase, as provided in
6 subsection (c) of this section, additional
7 credited service, but not to exceed an aggregate
8 of one year in the case of service described in
9 subdivision (2) of this subsection for each two
10 years of active full-time service as a Connecticut
11 teacher; and not to exceed an aggregate of one
12 year in the case of absence described in
13 subdivision (8) of this subsection for each five
14 years of active full-time service as a Connecticut
15 teacher, provided if any such absence exceeds
16 thirty consecutive school months, such additional
17 credited service shall be limited to thirty school
18 months; and not to exceed an aggregate of ten
19 years for all service described in this
20 subsection. In no event, however, may any service
21 described in this subsection be purchased if the
22 member is receiving or is, or will become,

23 entitled to receive a retirement benefit based
24 upon such service from any governmental system
25 other than the teachers' retirement system or the
26 federal Social Security System. Additional
27 credited service includes:

28 (1) Service as a teacher in a school for
29 military dependents established by the United
30 States Department of Defense;

31 (2) Service as a teacher in another state of
32 the United States, its territories or possessions;

33 (3) Service in the armed forces of the United
34 States in time of war, as defined in section
35 27-103, or service in said armed forces during the
36 period beginning October 27, 1953, and ending
37 January 31, 1955;

38 (4) Service in a permanent full-time position
39 for the state;

40 (5) Service as a teacher at The University of
41 Connecticut prior to July 1, 1965;

42 (6) Service as a teacher at the Wheeler
43 School and Library, North Stonington, prior to
44 September 1, 1949;

45 (7) Service as a teacher at the Gilbert Home,
46 Winsted, prior to September 1, 1948;

47 (8) Any formal leave of absence as provided
48 in regulations adopted by the board, if the member
49 subsequently returns to service for at least one
50 school year;

51 (9) Service as a teacher at the American
52 School at Hartford for the Deaf, the Connecticut
53 Institute for the Blind or the Newington
54 Children's Hospital;

55 (10) Forty or more days of service as a
56 substitute teacher, OR THE EQUIVALENT SERVICE
57 RENDERED AT LESS THAN HALF-TIME, in a single
58 public school system within the state of
59 Connecticut in any school year, provided twenty
60 days of such service shall equal one month of
61 credited service under subsection (a) of this
62 section;

63 (11) Service in the armed forces of the
64 United States, other than service described in
65 subdivision (3) of this subsection, not to exceed
66 thirty months;

67 (12) Service as a full-time, salaried,
68 elected official of the state or any political
69 subdivision of the state during the 1978 calendar

70 year or thereafter, if such member subsequently
71 returns to service for at least one school year;

72 (13) Service in the public schools of
73 Connecticut as a member of the federal Teacher
74 Corps, not to exceed two years; and

75 (14) Service in the United States Peace
76 Corps.

77 Sec. 2. Section 10-183g of the general
78 statutes is amended by adding subsection (q) as
79 follows:

80 (NEW) (q) On January 1, 1999, each eligible
81 retired member who had rendered at least
82 twenty-five years of full-time service, or such
83 member's successor beneficiary, as defined in
84 subsection (j) of this section, shall receive a
85 single increase in benefits provided under chapter
86 167a. Such increase shall be sufficient to
87 increase the monthly benefit of such eligible
88 members or successor beneficiaries, whose monthly
89 benefit as of December 31, 1998, before any
90 actuarial reduction for early retirement or for an
91 optional benefit payment plan, is less than twelve
92 hundred dollars and shall be sufficient to
93 increase such monthly benefit to twelve hundred
94 dollars.

95 Sec. 3. Subsection (c) of section 10-183j of
96 the general statutes is repealed and the following
97 is substituted in lieu thereof:

98 (c) A coparticipant's option may be elected
99 in which the member receives an actuarially
100 reduced benefit as provided in subsection (d) of
101 this section and upon such member's death,
102 one-third, one-half, two-thirds, three-fourths or
103 all of such amount is paid to such member's
104 designated beneficiary for life. [Only such
105 member's spouse, dependent parent, brother or
106 sister may be designated as a coparticipant. Such
107 option shall not become effective until one year
108 after the filing of such election or evidence of
109 good health is submitted according to rules of the
110 board. If such member dies or such member's
111 application for retirement becomes effective
112 before the effective date of such option, such
113 option will not become effective at any time
114 thereafter. If such member dies after the
115 effective date of such election, but before
116 retirement, such option will be effective only if
117 such member at the time of his death fulfilled the

118 age and service requirements for normal, early or
119 proratable benefits.]

120 Sec. 4. Subsection (a) of section 10-183h of
121 the general statutes, as amended by section 9 of
122 public act 97-301, is repealed and the following
123 is substituted in lieu thereof:

124 (a) The basic survivor's monthly benefit,
125 subject to a family maximum of [six hundred] ONE
126 THOUSAND FIVE HUNDRED dollars, shall be (1) three
127 hundred dollars each for a surviving spouse, [;]
128 PLUS TWENTY-FIVE DOLLARS FOR EACH YEAR OF SERVICE
129 IN EXCESS OF TWELVE YEARS IN THE CONNECTICUT
130 PUBLIC SCHOOLS COMPLETED BY THE MEMBER, SUBJECT TO
131 A MAXIMUM MONTHLY BENEFIT OF SIX HUNDRED DOLLARS,
132 (2) THREE HUNDRED DOLLARS EACH for a dependent
133 former spouse; for a dependent parent if there is
134 no surviving spouse or dependent child; and for a
135 legal guardian of any dependent child if there is
136 no surviving spouse, dependent former spouse or
137 dependent parent, and [(2)] (3) [two] THREE
138 hundred dollars for [a] EACH dependent child. [or
139 if more than one child is eligible, a total of
140 three hundred dollars allocated in equal shares.]
141 In applying the family maximum, the benefit shall
142 be first allocated to the child or children, with
143 the excess allocated to the surviving spouse and
144 any dependent former spouse IN PROPORTION TO THE
145 AMOUNT EACH WOULD RECEIVE ACCORDING TO THE ABOVE
146 FORMULA. Payment of the benefit shall commence on
147 the last day of the month following the month of
148 the member's death. Such benefit shall continue
149 through the month preceding the month in which the
150 survivor dies or ceases to be eligible for such
151 benefit. Such benefit to the legal guardian of
152 dependent children shall continue until all such
153 children are no longer dependent, as defined in
154 section 10-183b. Notwithstanding the provisions of
155 this subsection, any such surviving spouse,
156 dependent former spouse, dependent parent or legal
157 guardian may waive the right to payment of the
158 benefit under this subsection in order that a
159 designated beneficiary who is the child of the
160 deceased member may receive such member's
161 accumulated contributions plus credited interest.
162 Such waiver shall be made prior to the payment of
163 the benefit to any such surviving spouse,
164 dependent former spouse, dependent parent or legal
165 guardian.

166 Sec. 5. Subsection (d) of section 10-183h of
167 the general statutes is repealed and the following
168 is substituted in lieu thereof:

169 (d) [The] ON AND AFTER JULY 1, 1998, THE
170 surviving spouse [, in the absence of an effective
171 election of the coparticipant's option provided
172 pursuant to subsection (c) of section 10-183j and
173 in lieu of the other benefits provided by this
174 section,] may elect to receive a monthly benefit
175 for life equal to the benefit payable if a
176 [one-half] ONE HUNDRED PER CENT coparticipant's
177 option had been elected or an amount equal to the
178 member's accumulated contributions with credited
179 interest. An election under this subsection may be
180 made only in cases where (1) the spouse is such
181 member's sole designated beneficiary or where all
182 other designated beneficiaries relinquish all
183 claim to any amounts that may be due them from the
184 system and (2) such member at the time of death
185 was eligible for a retirement benefit other than a
186 disability benefit.

187 Sec. 6. This act shall take effect from its
188 passage and section 4 of this act shall be
189 applicable to any person receiving benefits from
190 the Teachers' Retirement System on the effective
191 date of this act.

192 APP COMMITTEE VOTE: YEA 50 NAY 0 JFS

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5639

STATE IMPACT Future Cost, see explanation below

MUNICIPAL IMPACT None

STATE AGENCY(S) Teachers' Retirement Board

EXPLANATION OF ESTIMATES:

STATE IMPACT: All costs detailed below will be included in the June 30, 1998 valuation of the Teachers' Retirement System and reflected in the state's contribution in FY 1999-00. Section 1 permits the purchase of retirement credit for part-time service. The purchase provisions require a member contribution that is equal to one half the actuarial value of the benefit increase. The cost of the increase is a function of the members age, service and salary. In the case of part-time service, the system's actuary has estimated that any increased cost to the system would be minimal.

Section 2 increases the minimum monthly pension benefit for retirees with 25 years of service from \$800 to \$1,200. The retirees who are covered under the existing minimum benefit statutes have been receiving cost of living adjustments annually and are now receiving approximately \$1,100 per month. The system's actuary has estimated that this benefit increase will increase the State's contribution by \$500,000, annually.

Section 3 allows any person to be designated as a coparticipant under the Plan D retirement benefit option. There is no fiscal impact associated with this change. This section also eliminates the requirement of a waiting period or evidence of good health before a

Plan D election becomes effective. The system's actuary estimated this change would have a minimal fiscal impact on the state's contribution. However, this will relieve a significant administrative burden on the Teachers' Retirement Board, resulting from all the pre-filing. These resources will be put to use in other areas of this small agency.

Section 4 increases survivorship benefits from the current family maximum of \$600 to \$1,500. This benefit applies to all current and future survivors. Under current law, the surviving spouse receives \$300 and the children's benefits are distributed as follows: one child, \$200; two children, \$150 each. The family maximum is \$600 per month. The bill increases the surviving spouse benefit by \$25 for each year of service in excess of 12 years in the Connecticut public schools, to a maximum of \$600. Under the bill, the surviving children receive \$300 each. The family maximum is \$1,500 per month. It is estimated that the enhanced survivorship payments will cost approximately \$1 million, annually.

Section 5 makes the 100% coparticipant option automatic, on or after 7/1/98, for the surviving spouse of a teacher who was eligible to retire. The current automatic 50% option impacts a small number of surviving spouses annually and the system's actuary has indicated that the resulting increased cost to the State's contribution would be minimal.

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OFA BILL ANALYSIS

sHB 5639

AN ACT EXPANDING BENEFITS UNDER THE TEACHERS' RETIREMENT SYSTEM

SUMMARY: The bill expands the benefits under the Teachers' Retirement System and is detailed by section as follows:

Sections 1 adds part-time service to the types of service that can be purchased for retirement credit.

Section 2 increases the minimum monthly pension benefit

for retirees with 25 years of service from \$800 to \$1,200.

Section 3 allows any person to be designated as a coparticipant under the Plan D retirement benefit option. It also eliminates the required waiting period or evidence of good health before a Plan D election becomes effective.

Section 4 increases survivorship benefits from the current family maximum of \$600 to \$1,500. The surviving spouse's benefit is currently \$300 per month. Under the bill, a surviving spouse is to receive \$300 per month plus \$25 for each year of Connecticut public school service in excess of 12 years, subject to a \$600 maximum monthly benefit. Currently, one dependent child receives \$200 and two or more dependent children share \$300 equally. The bill provided \$300 for each dependent child. These benefits are applicable to all current and future survivors.

Section 5 makes the 100% coparticipant option automatic, on or after, 7/1/98, for the surviving spouse of a teacher who was eligible to retire.

EFFECTIVE DATE: Upon Passage, and Section 4 shall be applicable to any person receiving benefits from the Teachers' Retirement System on the effective date of this act.

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute
Yea 50 Nay 0